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**Marx: From Hegel and Feuerbach to Adam Smith**

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# Marx: From Hegel and Feuerbach to Adam Smith<sup>\*</sup>

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## Abstract

**This paper discusses the development of Marx's thought over a period of something like fifteen months, between the spring of 1843 and the autumn of 1844. The focus of the paper is Marx's first encounter with classical political economy as he found it in the *Wealth of Nations*. The outcome of this encounter was presented by Marx in his *Economic and Philosophical Manuscripts of 1844*. It is argued here that in the classical theory, with which he had hitherto been largely unfamiliar, Marx found all the elements he needed to synthesise the philosophical standpoint he had developed in the preceding months with political economy. The *Manuscripts* represent the first crucial stage in the development of this synthesis. This first encounter of Marx with classical political economy, and his first steps in the development of his synthesis, have received hardly any attention in the literature. The present paper seeks to fill this gap.**

## 1. Introduction

Marx turned to the study of political economy in 1844 after he had completed his critique of Hegel's political philosophy and adopted his own philosophical standpoint. The Hegel critique had involved both acceptance and rejection. What he had taken from Hegel was the organic conception of society, a denial of the principle of individualism or social atomism, and the notion of the self-evolving nature of the historical process. What he rejected was Hegel's idealism.

Marx's critique of Hegel and the early development of his own standpoint will be discussed in some detail presently. Here it is sufficient to say that Marx had come to the realisation that religious and political alienation<sup>1</sup> were particular forms of a more general phenomenon that arose out of the material conditions of civil society. It was the need to elucidate this conclusion and give it a firm basis that brought Marx to the study of political economy. Fifteen years later, in the often-quoted 'Preface' to *A Contribution to the Critique of Political Economy*, Marx recalled this critical period (1843-44) in his intellectual development: 'The first work which I undertook for a solution of the doubts which assailed me was a critical review of the Hegelian philosophy of right [law]<sup>2</sup>, a work the

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<sup>1</sup> The meaning of the term 'alienation' as used in this paper will become clear as we proceed.

<sup>2</sup> Hegel's *Philosophie des Rechts* is translated by some writers as 'philosophy of right' and others as 'philosophy of law'. Marx-Engels (1975, vol. 3) translates as 'law', Marx-Engels (1958) as 'right'.

introduction to which appeared in 1844 in the *Deutsch-Franzoesische Jahrbuecher*, published in Paris. My investigations led to the result that legal relations as well as forms of state are to be grasped neither from themselves nor from the so-called general development of the human mind, but rather have their roots in the material conditions of life, the sum total of which Hegel ...combines under the name of 'civil society', that, however, the anatomy of civil society is to be sought in political economy.<sup>3</sup>

These further investigations consisted of extensive studies in political economy, carried out in Paris in the spring and summer of 1844, and an attempt to synthesise his philosophical standpoint with political economy. The outcome of these studies was the notes published as *The Economic and Philosophical Manuscripts of 1844*.<sup>4</sup>

As mentioned, Marx read extensively; the authors he refers to and comments on include J. B. Say, Adam Smith, David Ricardo, James Mill, J. R. McCulloch, Jeremy Bentham, Destut de Tracy, E. Buret, W. Schulz, Lauderdale, Sismondi, Francois Quesnay and others. But the author with whose work he engages most intimately and who provides the main source of the synthesis is Adam Smith. This fact has remained largely unnoticed in the literature on the subject.<sup>5</sup> By and large, the quotations from other writers are used by way of illustrations or reinforcements of the points being made. The beginning of Marx's critique of classical political economy, through acceptance as well as rejection (as was the case with the critique of Hegel), is to be found here with his first encounter with classical political economy as expounded in the *Wealth of Nations*. We have here the remarkable fact, that Marx, whose life's work would generate the greatest mass movement against capitalism since the latter's inception, should have found the first source of his economic thought in the work of an author who is almost universally regarded as the prophet of the free-market, capitalist philosophy.

The publication of the *Manuscripts* in full for the first time, in the original German, in 1932, and particularly after the appearance of the English edition in 1959, led to a wide-ranging debate among political philosophers and students of Marxism on the significance of this work in

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<sup>3</sup> Marx-Engels (1958, vol. 1:362)

<sup>4</sup> Marx-Engels (1975, vol. 3: 229-346); for the background to the writing of the *Manuscripts*, see note on pages 598-99.

<sup>5</sup> One respected biographer of Marx attributes to the German writer Wilhelm Schulz the major influence on Marx. He writes: 'The economic sections of the *Manuscripts* show the influence of Schulz more than any other writer.' See McLellen (1977), p. 107. See also the editorial note in Marx-Engels (1975, 3: xvii)

Marx's overall thought, and the relationship between this work of the 'young Marx' with that of the 'mature Marx'.<sup>6</sup> Political philosophers have naturally directed their attention to the philosophical aspects of Marx's thought, with very little attention to the economic aspects of the work; and where some thought has been given to issues relating to political economy, there has been no recognition of the unique impact that Adam Smith had on the development of Marx's thought.<sup>7</sup> In the economic literature on Marx, it is of course now widely accepted that Marx's formal economics falls neatly within the frame of classical political economy.<sup>8</sup> It is however the case that this first encounter of Marx with classical political economy has hardly received any recognition in the literature on the history of economic thought.<sup>9</sup> This is perhaps due to the fact that historians of economic thought generally deal exclusively with Marx's mature economic analysis. The present discussion seeks to fill this gap in the literature.<sup>10</sup>

The structure of the rest of the paper is as follows. The next section deals with Marx's acquisition of the conceptual apparatus he needed for his critique of Hegel's political philosophy. Then follows a discussion of some of Hegel's political philosophical ideas. This discussion was found to be necessary because the development of Marx's own standpoint takes place through his detailed critique of Hegel's political philosophical thought. The next section discusses the evolution of Marx's philosophical standpoint before his encounter with political economy. This is followed by an outline of those aspects of Adam Smith's economic thought which

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<sup>6</sup> Some of these issues are discussed in Mandel (1977: 163-86), Struik (1970: section 6), McLellen (1970).

<sup>7</sup> See, for instance, Tucker (1961) and Avineri (1975), Adams (1940), Marcuse (1986). Lichtheim (1982)

<sup>8</sup> The acceptance of this view followed the publication of Sraffa (1960) which placed Sraffa's own work in the line of development from Quesnay, Smith, Ricardo and Marx. (Sraffa 1960: Preface). Marx himself referred in approving terms to a writer who had said that his theory was 'in its fundamentals a necessary sequel to the teaching of Smith and Ricardo.' Marx (1990: 99).

<sup>9</sup> See for instance, Schumpeter (1954), Roll (1992), Roncaglia (2005). Roll and Roncaglia both make references to the *Manuscripts*; Roll (1992, footnote, p.228), and Roncaglia (2005, p. 250) in his reference links the 'Marxian analysis of alienation' to the 'alienation passage' in the *Wealth of Nations*. See footnote 10 below

<sup>10</sup> To be sure, there is a large volume of literature on the relationship between Smith and Marx. One part of this literature deals generally with the influence of the 'sociology' of Smith, and the Scottish Enlightenment more generally, on Marx. See, for instance, Hill (2004), Meek (1967 and 1980). Another part of the literature revolves around whether Smith's idea (in the 'alienation passage') regarding the degrading effect of division of labour in the plant on the worker (Smith 1976, vol. 2, bk. V: 781-82) was a 'predecessor' of Marx's concept of alienation. See, for instance, Rosenberg (1965), West (1964, 1969), Lamb (1973) and Drosos (1996). The present paper discusses the Smith-Marx relationship from a completely different perspective. In fact, no reference is made to the 'alienation passage'. Instead the focus is on the capital-labour relationship that Marx found in Smith and the synthesis between his own philosophical standpoint and classical political economy that Marx begins to develop in the *Manuscripts*. The implication of the present paper is that this debate focusing largely on the 'alienation passage' has missed the point of the Smith-Marx relationship. .

Marx found particularly relevant to the development of his own thought. The next section will show how Marx attempted to synthesise the philosophical thought he had arrived at with Smith's political economy. As already indicated, this discussion will explain the apparent paradox of the celebrated prophet of liberal-capitalism having cocked the gun for the equally celebrated prophet of communism. The paper ends with a brief concluding section.

## 2. A New Conceptual Framework

Marx wrote his first systematic critique of Hegel's political philosophy in the spring and summer of 1843, when he was 25-year old. From his correspondence with the editor of a radical journal, Arnold Ruge, we see that he had started to work on a critique of Hegel's political philosophy at least from the beginning of 1842. In a letter to Ruge of 10 February he says he has 'come to the end of voluminous works'. (Marx-Engels 1975, 1: 382) We may assume that he was referring to his proposed critique of Hegel's political philosophy. Less than a month later (5 March) he writes to Ruge that he was writing a critique of the Hegelian philosophy 'insofar it concerns the *'internal political system'*' (Ibid.) Two weeks later (20 March) he apologises for not having been able to complete the article. (Marx-Engels 1975, 1: 385) Around this time Marx started to write for (and later edit) the liberal Cologne newspaper *Rheinische Zeitung* and it is likely that he had to suspend his work on the Hegel critique as his journalism would have left him with little time to pursue his plan further.

However, there were possibly other, deeper reasons for lack of progress. It has been plausibly suggested that the lack of progress was the result of Marx not having the appropriate conceptual framework to deal with the subject adequately, and that this difficulty was resolved with the publication, in February 1843, of Ludwig Feuerbach's *Preliminary Theses for the Reform of Philosophy*.<sup>11</sup> The *Theses* made a powerful impact on Marx. He wrote to Ruge (13 March) that 'Feuerbach's aphorisms seem to be incorrect only in one respect; he refers too much to nature and too little to politics. But it is politics which happens to be the only link through which contemporary philosophy can become true.' (Marx-Engels 1975, 1: 400)

The new framework consisted of Feuerbach's reversal of Hegel. Hegel had attempted to solve the traditional philosophical problem of dualism between mind and matter, thought and reality, by postulating that reality

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<sup>11</sup> See Avineri (1975: 9-10) and Tucker (1961: 96-97).

was merely a manifestation of spirit (God, Idea, consciousness, man's thought process)<sup>12</sup>. Spirit, in its development, creates and shapes reality, the world. In the beginning of this process, the world appears to Spirit as objective, external. This is an illusion because reality (in Hegel's idealist philosophy) is merely a reflection of spirit. This is alienation. Over time, in the course of its self-development, spirit realises that the apparently objective objects, the world, are no more than projections of spirit itself. Thus, the world is divested of its illusionary objectivity. This process of understanding, of knowing, that the external world is nothing more than externalised spirit or consciousness is the process of the overcoming of alienation.<sup>13</sup>

Feuerbach argued that Hegel's idealist philosophy was an *inverted* representation of human reality. Philosophy, he observed, should recognise the primacy of the senses. It should start with the real man and not, as Hegel had done, with consciousness or spirit. He wrote in the *Theses*: 'The real relationship of thought to being is this: *Being is the subject* [the determining factor], *thought is predicate* [the determined, attribute]. Thought proceeds from being, not being from thought.'<sup>14</sup> The idea here is that man is not the expression or attribute ('predicate') of the divine thought-process. On the contrary, God is an expression of the thought-process of man. Hegel, by representing God in a state of alienation and then 'returning to himself' (that is, overcoming alienation) had mystified truth. God or spirit is nothing but man in his state of alienation. Feuerbach wrote: 'Man – this is the mystery of religion – projects his being into objectivity, and then makes himself an object [creation] of this projected image of himself... Thus in God man has only his own activity, an object. God is, *per se*, his relinquished self.'<sup>15</sup> Thus the attributes assigned to God by man were human attributes which seem to be lacking in the present state of man. Man will overcome his alienation (in the sphere of religion) when he has discovered this truth.

This is the standpoint, arrived at through an inversion of Hegel's idealist philosophy, that provided the breakthrough – conceptual apparatus – that Marx needed to develop his critique of Hegel's political philosophy. This model of religious alienation will now, in the period under consideration, will become central to Marx's thought; he will first extend it to the political, and then to the economic, sphere. The phenomenon of

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<sup>12</sup> We note that in the passage quoted in the preceding section, Marx refers to Hegel's metaphysical entity as 'the so-called general development of the human mind'. In the 'Postface' to the second edition of *Capital* I, he refers to Hegel's 'Idea' as the man's 'process of thinking'. Marx (1990: 102).

<sup>13</sup> For a discussion of this subject, see Tucker (1961: chapter II), also McLellen (1973b).

<sup>14</sup> Quoted in Tucker (1961: 87).

<sup>15</sup> Tucker (1961: 87)

alienation is a relationship of power. The powers that the religious man has bestowed on God are his own powers, and the process of overcoming alienation is man retrieving these powers for himself. These are the powers that the 'species-man' (the term that Marx takes from Feuerbach) shares with others. These powers constitute man's 'universal essence'; these are man's potentialities that he is unable to realise because he is not aware of his true situation.

Soon after he found this breakthrough, Marx departed from Feuerbach's thought in two significant respects. We have already noted that Marx's first reaction to Feuerbach's *Theses* contained the observation that he gave too much attention to nature and not enough to politics. Marx gave much more importance to social factors, setting man in his social setting, than Feuerbach had done.<sup>16</sup> Second, as we have seen, in Feuerbach man overcomes his religious alienation entirely through a revolution in consciousness, the realisation that he had alienated his powers to something that was his own creation. Marx will soon come to the conclusion that man's alienation resulted from his life-situation, and thus to overcome alienation man had to change this situation.

### 3. *Hegel's Problem and its Solution*

The formation of Marx's political-philosophical standpoint before he came to the study of political economy can be traced in the three papers he wrote between the summer of 1843 and February 1844.<sup>17</sup> The 'Contribution to a Critique of Hegel's Philosophy of Law' (to be referred to as the *Critique*) was written during the summer of 1843. The second, 'The Jewish Question', was written soon after the *Critique* was completed, and the third, 'Introduction' to the *Critique*, was written after Marx moved to Paris towards the end of October 1843. The latter two appeared in the journal *Deutsch-Franzoesische Jahrbuecher* which he and Ruge published towards the end of February (1844) in Paris. The much longer – 130 pages – and philosophically more important *Critique* was not published until 1927. It is this article that Marx wrote in order to find a solution to 'the doubts that assailed' him at the time. The issues raised in the *Critique* are carried over into the other two articles.

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<sup>16</sup> On the relationship between Feuerbach and Marx, see Hook (1966: chapter VIII). Hook writes (p.272): 'What fundamentally separates Marx from Feuerbach is his *historical* approach and his *concrete* analysis of those factors of social life which appear to Feuerbach as abstractions.'

<sup>17</sup> In the summer of 1844 Marx also wrote a polemical article for a German language newspaper published in Paris (Marx-Engels 1975, 3: 189-206) In this article, entitled 'Critical Marginal Notes on the Article "The King of Prussia and Social Reform: By a Prussian"', Marx largely drew on the ideas already expressed in the three articles mentioned in the text.

Marx's general position with respect to Hegel's political philosophical thought is that it contains truth but in 'mystified' form. Hegel, according to him, very often presents, within the speculative description, a real description, one that grasps the matter itself. In the *Critique*, Marx accepts Hegel's notions of the state and civil society, and he shares the problem Hegel is trying to resolve in his political philosophy. In fact, he makes these notions and the problem very much his own. The main thrust of Marx's critique is that Hegel fails to solve the problem he has set for his theory. To follow Marx's line of thinking it is therefore important that we see what the problem is and how Hegel attempts to resolve it.

Hegel recognised that with the dissolution of feudalism a change of great significance had taken place in Europe. Under feudalism political life was interwoven with economic life.<sup>18</sup> With the end of feudalism and the development of capitalism, the economy had evolved into a sphere of life separated from the state; it had achieved a high degree of autonomy. In other words, the modern society had come to be characterised by a dualism between what Hegel calls 'civil society'<sup>19</sup> (broadly, the private sphere, more narrowly, the economy) and the public sphere, the state. Civil society functions on the principle of individualism. Individuals pursue their private ends without regard to the interests of other members of society. And since under conditions of social division of labour and exchange, individuals must engage with each other they are led to use others as means to their private ends. Civil society thus becomes the playground of competing interests which if allowed free play make for 'ethical corruption'. (Hegel 2008: 182) It is true that the pursuit of individual interest, has in varying degrees, characterised all historical societies, the difference between them and the modern society is that in the latter the principle of individualism has been legitimised and has received its full play.

The other aspect of social life, as mentioned, is the state. In this aspect of their lives people are united in a common bond, a bond of solidarity which makes them an organic whole, a *nation*.<sup>20</sup> In Hegel's conception, the state is the product of history, it has evolved over time as only an organism can; individuals are related to each other as parts of an

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<sup>18</sup> Marx discusses the difference between feudal society and modern capitalism: the former was characterised by the union of political life and economic life while in capitalism there was a split between the two, that is, capitalism was characterised by dualism. But the organic nature of feudal society did not mean absence of man's alienation; only that it took a different form. See (Marx-Engels 1975, 3: 32, 165-66).

<sup>19</sup> For Hegel's definition of civil society, see Hegel (2008: 162)

<sup>20</sup> It should be noted that Hegel's theory is a theory of the modern nation state, what he calls the 'developed state of our epoch'. (Hegel 2008: 234)



organism. ‘They are held together by the single life they all share. The parts depend on the whole for their life, but on the other hand, the persistence of life necessitates the differentiation of the parts.’<sup>21</sup> This notion of the state may be contrasted with that which regards the state (or society) as a voluntary association, the result of a social contract among individuals, who have come together for certain specific purposes. In this notion society exists merely to serve the interest of the individual.

Dualism thus refers to the split between the state and economy; in Marx’s words it ‘is the conflict between the *general* interest and the *private interest*, the schism between the *political* state and civil society.’ (Marx-Engels 1975, 3:155)

Hegel’s idea of the state (Marx’s too) requires resolution of this problem. Hegel’s theory has to recreate, *at a higher level of development*, the unity that characterised society before the economy became sharply differentiated from the political sphere; it has to resolve the conflict between the state and civil society such that individuals live by universal criteria, and the individualism that is the foundation of civil society is reined in.

To better understand Hegel’s theory (and Marx’s critique of it) it will be helpful to recall that the autonomy of the economy from the state – the dualism - that presents Hegel (and also Marx) such a problem was something that was celebrated by the political economists of the eighteenth century, the time when the broad outlines of the capitalist economy had clearly emerged in parts of Europe. It became the task of classical political economy to conceptualise the new economy and theoretically demonstrate that it had a logic of its own, that it could function on its own (indeed, would work better when left alone), and that there was no tension between the pursuit of individual self-interest and the general interest of society. In fact, political economy attempted to demonstrate that the universal interest was best served when, in a framework of competitive markets, individuals were left free to pursue their self-interested impulses independently of the interests of others. Admittedly, the state had a social function, but this role was confined to ensuring a framework of law and order in which individual freedom and private property were protected, and to performing those socially ‘necessary’ services that markets were unable to provide. According to this view the state existed to serve civil society, that is, the individual.

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<sup>21</sup> Editor’s note (Hegel 2008:336).

Hegel, writing in 1821 and dealing with the problem of the autonomy of the economy from the state, could hardly avoid reference to the claims of classical political economy. He did make reference to it, in his dense and obscure jargon but without confronting its central theoretical propositions.<sup>22</sup> However, implying criticism of political economy's claims regarding the smooth functioning of the capitalist economy, he drew attention to its inherent instability, its tendency towards overproduction, creation of unemployment and inequality. And foreshadowing Marx's troublesome 'increasing impoverishment' thesis, he wrote: 'In the same process [economic expansion], however, dependence and want increase *ad infinitum*, and the material to meet these [needs] is permanently barred to the needy'. (Hegel 2008: 190) In one of his earlier writings, he had referred to the 'alienation passage' from the *Wealth of Nations* and declared that in modern industrial production 'the consciousness of the factory worker is degraded to the utmost level of dullness.'<sup>23</sup>

Despite his recognition of the ills of contemporary capitalism, Hegel is unable to offer any solution to the problems he identifies. His state is strictly non-interventionist. For instance, he explicitly rules out any measures aimed at redistributing income. (Hegel 2008: 192) Civil society remains a distinct and autonomous sphere of life. The structure of civil society that Hegel suggests (considered presently) may provide some measure of amelioration of the problem mentioned, but he makes no claims in this regard<sup>24</sup>. Hegel rejects classical political economy on philosophical grounds. Despite recognising its scientific endeavours, he claims that 'this is a field in which [superficial] understanding with its subjective aims and moral opinions vents its discontent and moral frustration.' (Hegel 2008: 187.)

How is then the problem of dualism to be resolved? This brings us to Hegel's model of the institutional and political structure of the state. This structure consists of hereditary, constitutional monarchy which is the embodiment of the nation's sovereignty, the executive or the bureaucracy, appointed by the monarch, and a two-chamber legislature. The upper house of the legislature is based on hereditary peerage (the class of landowners) and the lower chamber is *indirectly* elected by civil society. It is only the latter that interests here because it is through this

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<sup>22</sup> He mentions the names of Adam Smith, J. B. Say and David Ricardo, and refers to political economy as a science 'which has arisen out of the conditions of the modern world' and which is 'a credit to thought because it finds laws for a mass of contingencies'. (Hegel 2008: 187.)

<sup>23</sup> Quoted in Avineri (1994: 93).

<sup>24</sup> Such a claim *is* made on his behalf by the Editor (Hegel 2008: xxx).

aspect of the political structure that the claimed solution to the problem of dualism, and the participation of civil society in the affairs of the state, is achieved.<sup>25</sup>

It is a fundamental premise of Hegel's theoretical system that individual *qua* individual cannot be directly incorporated into the universality of the state. An individual acquires his or her personality only as member of a group or a class. For instance, he writes: 'When we say that a human being is 'somebody', we mean that he should belong to a specific estate, since to be a somebody means to have substantial being. A person with no estate is a mere private person and does not enjoy actual universality.' (Hegel 2008: 197) It is worth noting here that the landowning class is considered as already organically integrated, they are already an estate, while individuals in civil society (characterised by 'moveable' property) are atomistically dispersed, lacking any 'political cohesion'. So the problem relates to the latter.

What this means is that there must be institutions that 'mediate' between the individual (in civil society) and the state. The mediating institution in the sphere of industry and trade is the 'corporation' (which includes both employers and workers), each trade or industry having its own such association. The corporation is a kind of 'second family for its members'. It has a distinctly educational function. (Hegel 2008: 226) Members of a corporation have common interests which are distinguished from those operating in other trades. The corporation will naturally look after these common interests. Members of a corporation will have conflict of interest with each other – for instance, they compete in the same market, and there will be clash of interest between employers and their workers. Hegel does not go into such mundane detail, but we may assume that the idea must be that it will be the task of the corporation to manage internal competition, say, with respect to prices and output levels, and guide relations between employers and employees through some kind of works councils. The central idea here is that through the corporation, individuals learn to give greater priority to their common interests (learn to abide by 'universal criteria') over their individual interests and thus develop a greater sense of social solidarity. The corporation may thus be regarded as the first stage in the incorporation of the individual in the state organism and rein in his individualistic impulses. Deputies from various corporations come together in an estate. This is the second stage of

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<sup>25</sup> It is important to note that Hegel's model is not in any sense prescriptive. There is no room in Hegel's philosophy for what he contemptuously calls 'ought-to-be'. (Hegel 2008: 234). According to Hegel, philosophy is its 'time apprehended in thought'; it cannot jump ahead of its time. (Editor's comment in Hegel 2008: xxviii)

mediation. And finally delegates from this estate, together with the estate representing the landed class constitute the legislature. The legislature has very little power which lies with the bureaucracy and ultimately with the monarch; it seems to do little more than give voice to the prevailing opinion in civil society.

This is how Hegel's model (when it is brought down to earth from its metaphysical heights) achieves the union of the private interest and the general interest, the solution to the problem of dualism. Civil society retains its autonomy. Through the device of the corporation and the estate he attempts to give it organic character and free it of its individualism. It, in fact, looks like the model of a corporatist capitalist economy overseen by a highly centralised state.

#### 4. *Formation of Marx's philosophical standpoint*

It was noted earlier that Marx accepts, without its metaphysical trappings, Hegel's idea of the state as the union of the universal and the particular. In the *Critique* he refers to this notion as the 'genuine' or 'rational' state. In the writings that follow the *Critique*, he expresses the same idea as 'human emancipation', 'democracy', 'true democracy', and finally settles on 'socialism' or 'communism'<sup>26</sup>. The central idea refers to the individual-society relationship. It implies rejection of the principle of individualism, an idea based on the view that there are some aspects of the individual's life that are independent of society. Against this, Marx adopts the view that the individual cannot be conceptualised as standing outside society. Nearly fifteen years later, in the *Grundrisse*, he expresses this idea as follows: 'Society does not consist of individuals; it expresses the sum of connections and relationships in which individuals find themselves.' (McLellen 1973a: 89) This idea will remain fundamental to his mature thought.<sup>27</sup>

Dualism is negation of this idea. It epitomises the split between the individual and society. It is the 'decomposition' of man into a member of civil society and member of the state; it is the 'conflict between the *general interest* and *private interest*'. (Marx-Engels 1975, 3: 155) Marx

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<sup>26</sup> At this time there is ambiguity in Marx's use of the word 'communism'. See (Marx-Engels 1975, 3: 603, note. 85).

<sup>27</sup> In the *Manuscripts*, Marx writes: 'Above all we must avoid postulating 'society' again as an abstraction vis-a-vis the individual. The individual is the *social being*. His manifestations of life – even if they may not appear in the direct form of communal manifestations of life carried out in association with others – are therefore an expression and confirmation of *social life*. Man's individual and species-life are not *different*, however much – and this is inevitable – the mode of existence of the individual is a more *particular* or more *general* mode of life of the species, or the life of the species is more *particular* or more *general* individual life.' (Marx-Engels 1975, 3: 299)

states the problem clearly: ‘Where the political state has attained its true development, man – not only in thought, in consciousness, but in *reality*, in *life* – leads a two-fold life, a heavenly and an earthly life: life in the *political community*, in which he considers himself a *communal being*, and life in *civil society*, in which he acts as a *private individual*, regards other men as a means, degrades himself into a means, and becomes the plaything of alien powers.’ (Marx-Engels 1975, 3, p. 154.) ‘Human emancipation’ is the overcoming of the antithesis between the actual, political state and civil society. When that is achieved ‘civil society is *actual* political society.’ (Marx-Engels 1975, 3, p. 119) In the writings being discussed here Marx makes no attempt to directly and systematically develop his own vision of the ‘genuine’ state; the vision is developing through criticism of others, but we may read here (where there is no dividing line between civil society and the state) the later Marxian concept of the ‘abolition’ or the ‘disappearance’ of the state.

It is on the basis of this standpoint that Marx rejects liberal political philosophy. This he does in the article ‘The Jewish Question’. This was a review of two articles (with the same title) written by his old friend Bruno Bauer on the subject of ‘Jewish emancipation’ in Germany. Bauer had argued for a liberal, secular state, claiming that once Christianity, and religion in general, had lost its privileged position, the ‘Jewish question’ would naturally disappear. Marx uses the review to continue his discussion of the issues raised in the just-completed *Critique*.

‘Political emancipation’ that is, the secular, liberal state, Marx writes, would certainly be an advance in the politically backward Prussia, but this progress will be within the limits of the existing social order. This will not be ‘human emancipation’ (a term that now replaces the ‘rational state’ of the *Critique*). Take, for instance, the rights of man enshrined in the constitutions of revolutionary France (1791, 1793) and North America. Liberty, writes Marx

**is the right to do everything that harms no one else. The limits within which anyone can act *without harming* someone else are defined by law, just as the boundary between two fields is determined by a boundary post. It is a question of the liberty of man as an isolated monad, withdrawn into himself...The right of man to liberty is based not on the association of man with man, but on the separation of man from man. (Marx-Engels 1975, 3: 163)**

He adds that it is this liberty that forms the basis of civil society. It ‘makes every man see in other men not the *realisation* of his freedom, but the *barrier* to it.’ (Marx-Engels 1975, 3: 163) From here Marx comes to

the conclusion that private property ('the power of money') is the root cause of social ills. The right to enjoy one's property independently of society is the right of this self-interest.

On the question of religion being made the private affair of the individual, Marx takes the view that what the secular state does is to 'emancipate' itself from religion without making man free of religion. The existence of religion, according to Marx, even when practised by the exercise of 'free' choice is a defect in society. This is the choice of an 'un-free', alienated man: this man can experience himself only through an intermediary, by surrendering himself to something that is his own creation.

It is on the basis of this reasoning that Marx rejects Hegel's solution to the problem of dualism. Marx extends the concept of religious alienation to the political sphere. He writes: 'Just as Christ is the intermediary to whom man transfers the burden of his divinity, all his burden of divinity, all his *religious constraint* [bond], so the state is the intermediary to whom man transfers all his non-divinity and all his *human unconstraint* [freedom].' (Ibid. p.152) Hegel's model is a model of political alienation. In it civil society remains distinct and separate from the state; it remains the domain of individualism, and the medieval device of the estate fails to achieve any degree of meaningful participation of the people in the affairs of the state. All political power lies with the monarch and his bureaucracy.

The capital achievement of the *Critique* is Marx's de-mystification of Hegel's model of the state. Hegel, according to Marx, deduces real world phenomena from concepts, by making reality a reflection of consciousness. As an example of this he quotes Hegel: 'The final decision of the will is the Monarch.' One should instead say (says Marx): 'In the historical context of the early 19<sup>th</sup> century, the will of the Monarch finally decides.'

**If Hegel (Marx writes) had set out from the real subjects as the bases of the state he would not have found it necessary to transform the state in a mystical fashion into a subject. 'In its truth', says Hegel, 'subjectivity exists only as a *subject*, personality only as a *person*'. This too is a piece of mystification. Subjectivity is a characteristic [predicate] of the subject, personality a characteristic of the person [subject]. Instead of conceiving them as predicates of the subjects [determinants], Hegel gives the predicates an independent existence and subsequently transforms them in a mystical fashion into their subjects. (Marx-Engels 1975, 3:23)**

When Hegel's model is de-mystified, when Hegel, who is standing on his head, is stood the right side up, we find the true relationship, as it exists in

reality, between civil society and the state. It is not civil society that is a reflection of the state, it is the existing political structure that reflects the interest-oriented character of civil society. By thus inverting Hegel, Marx arrives at the revolutionary result that the existing political institutions are a reflection of the material conditions of life. Writing many years later, Engels expressed this discovery of Marx which, after further development, will be referred to as 'the materialist conception of history', as follows: 'Proceeding from the Hegelian philosophy of law [right], Marx came to the conclusion that it was not the state which Hegel had described as the 'top of the edifice' but 'civil society' which Hegel had regarded with disdain that was the sphere in which a key to the understanding of the process of historical development of mankind should be looked for.'<sup>28</sup>

It is only step from here to say that if you wish to achieve 'human emancipation' you need to change the material conditions of life as they prevail in civil society.

We noted earlier that Marx had, in some important respects, gone beyond Feuerbach; that in Feuerbach's model, the overcoming of religious alienation requires no more than a revolution in consciousness. Once man has become aware that God is only a creation of his own imagination, he overcomes his alienation. It is different in the political sphere. To overcome political alienation more than a simple cognitive act is needed; in addition to the realisation that the political system is simply the externalisation of man in the form of political power, political action is required to retrieve the power that belongs to man. Marx is thus led by the logic of his argument to think about the relationship between theory and practice (another important theme in Marxist theory). He writes in the 'Introduction' to the *Critique*:

The weapon of criticism cannot, of course, replace criticism by weapons, material force must be overthrown by material force; but theory also becomes a material force as soon as it has gripped the masses. . . . To be radical is to grasp things by the root. But for man the root is man himself. The evident proof of the radicalism of Germany theory, and hence of its practical energy, is that it proceeds from a resolute *positive* abolition of religion. The criticism of religion ends with the teaching that *man is the highest being for man*, hence with the *categorical imperative to overthrow all relations* in which man is a debased, enslaved, forsaken, despicable being, relations which cannot be better described than by the exclamation of a Frenchman when it was planned to introduce a tax on dogs: Poor dogs! They want to treat you like human beings! (Marx-Engels 1975, 3: 182)

From here Marx is led to the agency that would carry out 'the categorical imperative to overthrow all relations that debase man'. Marx approaches

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<sup>28</sup> Marx-Engels (1958: vol. 2: 157).

this question in the context of the contemporary German situation. Germany could not repeat the experience of revolutionary France. The configuration of social forces in Germany was very different from that in the France of 1780s. In France there was clearly a class of ‘negative, general significance’ consisting of the nobility and the clergy. At the same time there was a class that could identify its interests with those of the people and could therefore claim leadership of society. This was the bourgeoisie. France thus had a class of oppression confronting a class of emancipation.

In Germany the situation was characterised by political fragmentation. Here when a class ‘begins the struggle against the class above it, it is involved in the struggle against the class below it’. In particular, when the bourgeoisie struggles against the monarchy and the bureaucracy it is, at the same time, threatened by the proletariat. ‘No sooner the middle class dare to think of emancipation from its own standpoint than the development of social conditions and the progress of social theory pronounce this development antiquated or at least problematic.’ (Marx-Engels (1975, 3: 185-86).

Who will then lead the struggle for ‘human emancipation’? By an interesting twist of logic, Marx now argues that while in the industrially advanced countries partial emancipation can lead eventually to universal, human emancipation, in Germany - which is unable to arrive at human emancipation through the transitional stage of a bourgeoisie-led political revolution - universal emancipation becomes ‘the *conditio sine qua non* of any partial emancipation.’ German emancipation lies in

the formation of a class with *radical chains*, a class of civil society which is not a class of civil society, an estate which is the dissolution of all estates, a sphere which has a universal character by its universal suffering and claims no *particular right* because no *particular wrong* but *wrong generally* is perpetrated against it; which can no longer invoke a *historical* but only a *human* title; which does not stand in any one-sided antithesis to the consequences but in an all-round antithesis to the premises of the German state; a sphere, finally, which cannot emancipate itself without emancipating itself from all other spheres of society, and thereby emancipating all other spheres of society which, in a word, is the *complete loss* of man and hence can win itself only through the *complete rewinning of man*. This dissolution of society as a particular estate is the *proletariat*. (Marx-Engels 1975, 3: 186) .

It is noteworthy that Marx arrives at this momentous conclusion entirely un-empirically. Proletariat carries within itself the same ‘universal’ quality as was to be found in Hegel’s notion of the bureaucracy as ‘the universal class’ which had no interest other than the universal interest in



view.<sup>29</sup> The proletariat - the perfect expression of the alienated man - receives its universal character through *sheer necessity* and from its *universal suffering*.

It is at this point in the development of his philosophical thought that Marx turns to the study of political economy. Until now, as we have seen, he has been exclusively ploughing the philosophical field.

### 5, *Two Facets of Adam Smith's Political Economy*

When Marx first read the *Wealth of Nations* in 1844 he noted that Smith's 'political economy had merely formulated the laws of alienated labour'.<sup>30</sup> (Marx-Engels 1975, 3: 291) The aspect of Smith's political economy to which Marx is referring here would later become the source of Marx's own economic thought. As noted, in the *Manuscripts* he makes the first attempt to synthesise his philosophical thought with classical political economy. Distinct from this there is another facet of Smith's thought. This endorses the principle of individualism and liberal economic philosophy. This aspect of political economy Marx rejected. In fact, its rejection was already implicit in the philosophical thought he had developed before his encounter with Smith. To better understand Marx's attempted synthesis of his philosophical thought with political economy, it is necessary to briefly outline these two facets of Smith's economic thought. We start with its second aspect.

According to Smith, man has certain natural inclinations which govern his behaviour. The principal among them is the desire to improve one's condition. At the same time men wish to reap where they have not sown. This means that there must be institutions that direct their desires into socially beneficial channels. In the commercial society (given the framework of laws that protect private property, etc.) competition provides such an institution. Monopoly – the antithesis of competition – results from policies of governments that confer privileges on individuals or sections of society, and from restrictions that are relics of the feudal times. Given the frame of competition, the individual, who is assumed to know where his best interest lies, should be left free to pursue it in his own way. This is Smith's principle of 'natural liberty'. Smith claims that when this principle prevails, the individual while pursuing his own self-

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<sup>29</sup> The industrial working class in Germany at this time probably made up no more than five percent of the total working population.

<sup>30</sup> If one can think in terms of any eureka moments in Marx's entire intellectual development, I would suggest that this encounter with Smith was one, and the discovery of the method of inverting Hegel through Feuerbach was the other.

interest also, at the same time, promotes the ‘general interest’ of society. The principle of natural liberty, in Hegel’s language, promotes the union of the universal and the particular, of the private interest and general interest. It is important to note here that the individual promotes the ‘general interest’, unconsciously, without any intention of doing so. (In fact, good intentions were to be avoided. Smith had never known much good done by those who affected to trade for the public good.) This in essence was the case for the limited role of the state in the functioning of the economy, for celebrating dualism that would be such a problem for Hegel and Marx.

Smith’s claim raises two important questions: what is ‘the general interest of society’? and, what is the mechanism through which the pursuit of individual self-interest results in the promotion of the general interest? Smith’s reasoning goes something like this. In conditions of free competition capitalists, driven by their interest, will invest in those branches of production where they expect to earn maximum profits. Similarly, workers will seek employment where they expect to receive the highest wages. When every individual is using his or her resources to his best advantage, society’s resources are also being used most effectively. As a result the national product is the highest under the given technological conditions. Furthermore, under these conditions high profits will result in high investment and this investment will, under the spur of competition, be used to introduce new and more efficient methods of production. The result will be *increasing* wealth of the nation. Increasing national wealth means general prosperity and this Smith *pragmatically* equates with the ‘general interest’ of society. ‘The progressive state [of the economy] is in reality the cheerful state to all orders of society’ (Smith 1976: vol. I: 99) The principle of natural liberty in the shape of free, competitive markets in the capitalist economy provides the mechanism through which the pursuit of particular interest leads to universal interest, that it benefits all sections of society. As indicated, this conclusion is not derived from the other aspect of Smith’s political economy. To this aspect we now turn. .

Here we start with the definition of the subject matter of political economy: the study of the production of wealth of a nation. Wealth consists of all the goods produced in a year *minus* the necessary costs of producing these goods. These costs consist of goods that make up the necessary consumption of labour, materials, etc., and the wear and tear of fixed capital. These goods constitute capital that is used up in the production of wealth. The nation’s wealth thus consists of the *surplus* of commodities over and above the capital used up in the production of

these commodities. The capital thus recovered is used for the production of wealth the following year. And so year after year.

The nation's wealth is produced by labour. The very first sentence of the *Wealth of Nations* reads: 'The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always, either in the immediate product of that labour, or in what is purchased with that produce from other nations.' Marx did not read this sentence as a mere rhetorical flourish. Adam Smith's political economy, Marx noted in the *Manuscripts*, had acknowledged labour as its principle. 'To this enlightened political economy, which has discovered – within private property – the *subjective essence* of wealth, the adherents of the monetary and mercantile system, who look upon private property *only as an objective* substance confronting men, seem therefore to be *fetishists, Catholics*.<sup>31</sup> Engels was therefore right to call Adam Smith the *Luther of Political Economy*. Just as Luther recognised *religion – faith* – as the substance of the of the external *world* and in consequence stood opposed to Catholic paganism – just as he superseded *external* religiosity by making religiosity the *inner* substance of man – just as he negated the priests outside the layman because he transplanted the priest into layman's heart, just so with wealth: wealth as something outside man and independent of him, and therefore as something to be maintained and asserted only in an external fashion is done away with; that is, this *external, mindless objectivity* of wealth is done away with, with private property being incorporated in man himself and with him being recognised as its essence.'<sup>32</sup> (Marx-Engels 1975, 3: 290-91)

Built into Smith's concept of wealth is the notion of economic reproduction, a process that takes place in historical time. As noted, this year's cycle of production starts with the inputs (capital) inherited from the preceding year; these inputs that are used up are reproduced (with a surplus), and used in the following year.<sup>33</sup> When part of the surplus is re-

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<sup>31</sup> 'Subjective essence' when translated into the language of political economy means simply labour time expended in the production of goods making up wealth or 'labour embodied' in it; 'objective' means something that is a given datum (as Marx says) 'confronting men'.

<sup>32</sup> Engel's reference to Adam Smith as 'the economic Luther' is made in his 'Outlines of a Critique of Political Economy' published in the *Deutsch-Franzoesische Jahrbuecher*. (Marx-Engels 1975, 3: 422) This notion of labour figures prominently in Marx's philosophical thought. For instance, he writes in the *Manuscripts*: 'Hegel's standpoint is that of modern political economy. He grasps *labour* as the *essence* of man... [but] the only labour which Hegel knows and recognises is *abstractly mental* labour.' (Marx-Engels 1975, 3: 333) We see in this idea the origin of Marx's theory of value. Labour's 'subjective essence' is 'objectified' in its product.

<sup>33</sup> It may be noted that Sraffa uses this feature of classical political economy (and his own schema) to distinguish it from the orthodox, neoclassical economic theory. In classical political economy, he writes, we have the 'picture of the system of production and consumption as a circular process' which

invested we have economic expansion. Marx could not have failed to see here the Hegelian notion of evolution. It is a situation of internally generated development or expanded self-reproduction without the involvement of any *extraneous factor*. Smith's model, in which expanded reproduction takes place within the frame of capitalist relations, will allow Marx to insert dynamic elements that would take development beyond the bounds of this frame. (We will see in the next section that in the *Manuscripts* Marx takes the first step in this direction). We note that the circularity of the production process as outlined here necessarily gives the economy an *organic* character: only an organic entity can reproduce itself, and grow, without the involvement of an extraneous factor.

Further, Adam Smith sees the production of wealth as a social activity. It takes the form of *social* division of labour. Different productive activities or industries complement each other and are thus 'necessary to the existence of each other'. (Smith 1976, I: 360) In the very first chapter of the *Wealth of Nations*, he illustrates this phenomenon with reference to the manufacture of a day-labourer's woollen coat. , 'Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country and you will perceive that the number of people whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation.' From the raising of the sheep, etc. to sorting, combing, spinning, weaving, transportation of the materials, the manufacture of tools and machinery for use in these activities, and so on and on – all these activities are involved in the production of this item which becomes 'the produce of the *joint labour* of a great multitude of workmen.' (Emphasis added) (Smith 1976, I: 22) Individual labour has become *social* labour and the product satisfies a trans-subjective need. (Note that this is exactly how Marx would in his latter works define the term 'commodity'.)

The features of an economy outlined above are of a general nature; to various degrees they hold practically for all forms of human society. For example, all societies are characterised by social division of labour and of course they all reproduced themselves over time (if they do not they would cease to exist). And they all use 'capital' in the form of implements, etc., in their production. Such features of an economy may be considered of a *technical nature*. What distinguishes economies from each other is the form of *social* organisation (feudalism, capitalism, etc.) of which they are an aspect.

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'stands in striking contrast to the view presented by modern theory, a one-way avenue that leads from 'factors of production' [treated as given data] to consumption goods'. (Sraffa 1960: 93)

Adam Smith's analysis of the conditions under which the wealth of a nation grows is set specifically in the social organisation he calls 'the commercial society', that is, modern capitalism. It is specially his conceptualisation of such an economy with the specific purpose of investigating the factors that lie behind economic development that determines the structure of classical political economy and gives it its scientific character. It is this analysis that makes an important contribution to the social theory that Marx will develop later. It is also here that we see Adam Smith departing from his individual-focused social philosophy. We will focus on one feature of such an economy; it is this aspect on which Marx draws to construct the synthesis referred to earlier.

In Smith's model of the capitalist economy society is divided into three social classes. These are defined in terms of the nature of the resources they own and their place in the production system. Landowners have no productive function and they derive their income – rent of land – from a resource (land) that is scarce, in the sense that (unlike capital goods) it is not reproducible. There are suggestions in his discussion of rent that there is conflict of interest between the landed class and the capitalist class – suggestions that Ricardo will later develop with the utmost rigour.

The central relation in the production system is that between the capitalist class and labour. The capitalist class consists of those who have accumulated capital (in the form of purchasing power) and who will 'naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work. (Smith 1976, I: 65-66.) Workers as a class do not own capital and means of their subsistence and therefore they 'stand in need of a master to advance them the materials of their work, and their subsistence and maintenance till it [the product] be compleated.' (Smith 1976, I: 83)

The relationship between the two classes is one of power and antagonism. For the capitalist labour's wages are a cost like any other item, say, feed for farm animals. Higher costs mean lower profits and the capitalist must therefore strive to have wages as low as possible. Workers, on the other hand, want their wages to be as high as possible. We have here two parties 'whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labour.' Smith adds: 'It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the

advantage in the dispute, and force the other into a compliance with their terms.’ (Smith 1976, I: 83-84) Smith then goes on to enumerate all the factors that work in favour of the masters. The only factor that works in favour of the workers is capital accumulation and economic expansion. Under these conditions when national prosperity is on the rise, and the demand for labour is buoyant, wages can rise above the level that is ‘consistent with common humanity’. (Smith 1976, I: 86) However, although in this situation the conflict between capital and labour may be kept under check, the fundamental fact of the relationship of power and antagonism between the two classes remains unchanged. It is this relationship that provides the foundation for Marx’s synthesis of his philosophical standpoint with classical political economy.

## 6. Generalisation of the concept of alienation

We have noted that Marx turned to the study of political economy because he had come to the conclusion that the kind of society he considered to be the ideal one could only be achieved through a radical reorganisation of the existing civil society. This required understanding of the working of civil society. And this could only be realised through the study of political economy. It was also mentioned that the most important influence Marx received in his first encounter with political economy was Adam Smith’s *Wealth of Nations*, the first systematic presentation of classical political economy. From now on Marx will refer to his own work on political economy as a ‘critique’ of political economy. The ‘critique’ in this case meant, first, adoption of the *theoretical* framework of classical political economy, and second, taking its concepts and economic relationships and developing them in a direction very different from its socio-philosophical aspect - endorsement of competitive capitalism. It is through this procedure that Marx’s developed critique of political economy creates a synthesis of his philosophical standpoint and classical political economy. The *Economic and Philosophical Manuscripts of 1844* contain Marx’s first crucial steps in the development of this synthesis.

The most important accomplishment of the *Manuscripts* is the generalisation of the concept of alienation. We also find here (as noted) Marx’s first, though limited, suggestion regarding the working of an evolutionary process *within* the classical framework that could take the economy beyond the bourgeois horizon to which Smith and his followers had restricted its development.

The first form of *economic* alienation Marx identifies is the alienation of the worker from his product. This form of alienation – ‘a fact of political economy’ (Marx-Engels 1975, 3: 278) - is derived fundamentally from the capital-labour relationship as found in Smith. Marx’s starting point is Smith’s statement (quoted in the preceding section) that all wealth, consisting of commodities, is produced by labour. Just as the religious man had ‘objectified’ or ‘externalised’ himself in the gods; just as the state was the ‘externalisation’ of man in the form of political power; in the same way labour ‘objectifies’ or ‘externalises’ itself in its product. Capital, since it consists of produced commodities, is also produced by labour. Capital (Marx quotes Smith) is ‘certain quantity of labour stocked and stored up to be employed’; and again, ‘The person who [either acquires, or] succeeds to a great fortune, does not necessarily [acquire, or] succeed to any political power [...] The power which that possession immediately and directly conveys to him, is the *power of purchasing*; a certain command over the labour, over all the produce of labour, which is in the market.’ (Marx’s italics) (Marx-Engels 1975, 3: 247) Marx concludes: ‘Capital is thus the *governing power* over labour and its products.’ (ibid)

In the very first paragraph of the ‘First Manuscript’ Marx paraphrases some of the observations from the chapter ‘Of the Wages of Labour’ in the *Wealth of Nations*, highlighting the relationship of power between capital and labour and the capitalist’s ability to appropriate labour’s product. ‘His own labour as another man’s property and that the means of his existence and activity are increasingly concentrated in the hands of the capitalist.’

**All these consequences are implied in the statement that the worker is related to the product of his labour as to an alien object... The *alienation* of the worker in his product means not only that his labour becomes an object, an *external* existence, but that it exists *outside him*, independently, as something alien to him, and that it becomes a power on its own confronting him. It means that the life which he has conferred on the object confronts him as something hostile and alien.’ (Marx-Engels 1975, 3: 272)**

To repeat: through his social power, capital, itself the product of labour, is able to appropriate labour’s product. *Labour’s own creation becomes a power over it*. This is labour’s alienation from its product.

The second form of alienation manifests itself in the *act* of production, ‘in the labour process’. (Marx-Engels 1975, 3: 275) The product from which the worker is alienated is but the result of his productive activity. ‘How could the worker (Marx asks) come to face the product of his activity as a stranger, were it not that in the very act of production he was estranging

himself from himself? The product is after all but the summary of the activity of production.’ (Marx-Engels 1975, 3: 274)

Marx starts from the premise that productive activity is an aspect of man’s nature, his ‘essence’. Marx transfers to man the creativity that Hegel had attributed to God. Man is by nature a creative being; his need to engage in productive activity goes beyond the need merely to maintain his physical existence. It is through ‘conscious life activity’ that man asserts his humanity, his ‘species character’. Labour performed for the capitalist is labour solely aimed at physical existence; it is external to man’s intrinsic need. It is a case of self-estrangement.

**In creating a *world of objects* by his practical activity ... man proves himself a conscious species-being ... Admittedly animals also produce. They build nests, dwellings, like the bees, beavers, ants, etc. But an animal only produces one-sidedly while man produces universally. It produces only under the dominion of immediate physical need, while man produces even when he is free from physical need and only truly produces in freedom therefrom ... Man therefore forms objects in accordance with the laws of beauty.** (Marx-Engels 1975, 3: 276-77)

**[T]he external character of labour for the worker appears in the fact that it is not his own, but someone else’s; that it does not belong to him, that in it he belongs, not to himself, but to another. Just as in religion the spontaneous activity of the human imagination, of the human brain, human heart, operates on the individual independently of him – that is, operates as an alien, divine or diabolical activity – so is the worker’s activity not his spontaneous activity. It belongs to another; it is the loss of his self.’** (Marx-Engels 1975: 274-)

When man is estranged from himself, he is necessarily estranged from other human beings. This follows from the standpoint that man’s ‘species character’ is essentially and fundamentally *social*. As we noted earlier (section 4), for Marx society is nothing but the sum of the relationships in which individuals find themselves. He writes here: ‘The estrangement of man, in fact every relationship in which man [stands] to himself, is realised and expressed only in the relationship in which man stands to other men.’ (Marx-Engels 1975, 3: 277; also p.278)

We see here Marx moving towards what is perhaps the most momentous theoretical achievement in the development of his synthesis between his philosophical standpoint and the scientific discipline of classical political economy.

**Hence within the relationship of estranged labour each man views the other in accordance with the standard and the relationship in which man finds himself *as a worker* (emphasis added).** (Marx-Engels 1975, 3: 278)

Before his encounter with classical political economy (as we saw earlier) the proletariat’s role in ‘human emancipation’ was vaguely and un-



empirically attributed to its ‘universal suffering’ and ‘sheer necessity’. Now he speaks of the relationship of the worker to other workers and workers’ relationship with capital in the context of *production*. This is the critical point of transition: before he spoke vaguely (as in ‘The Jewish Question’) of the ‘power of money’, now he identifies the wage-system<sup>34</sup> with the system of private property; the abolition of one, he says, implies the abolition of the other. It is only when the wage-system is abolished that universal emancipation will be achieved. He writes:

‘From the relationship of estranged labour to private property it follows further that the emancipation of society from private property, etc., from servitude, is expressed in the political form of the *emancipation of the workers*; not that *their* emancipation alone is at stake, but because the emancipation of the workers contains universal human emancipation – and it contains this, [ now emphasis added) *because the whole of human servitude is involved in the relation of the worker to production, and all relations of servitude are but modifications and consequences of this relation.* (Marx-Engels 1975, 3: 280).

The source of all forms of alienation and man’s powerlessness are to be found in the relations that arise in the process of production. This, as indicated is the crucial step towards the next stage of the development of Marx’s thought: the *Theses on Feuerbach* (1845) and the ‘materialist conception’ that will be presented in the *German Ideology* (1845-46).

Thanks to his study of political economy, Marx now sees the alienated man under capitalism as a *commodity*, bought and sold in the market, and which (as noted) for the capitalist is merely an item of cost of production. Adam Smith, while discussing the level below which capitalists (‘who generally have the advantage’) could not reduce the ‘ordinary wages even of the lowest species of labour, had referred to a ‘computation’ of Richard Cantillon’s. According to this computation the minimum subsistence wage was that that was necessary to bring up a family and perpetuate ‘the race of such workmen’. (Smith 1976, i: 85)<sup>35</sup> Marx noted this notion on the very first page of the ‘First Manuscript’ (Marx-Engels 1975, 3: 235). He observes: ‘For it [political economy], therefore, the worker’s needs are but the one need – to maintain *him whilst* he is working and insofar as may be necessary to prevent the race of labourers from [dying] out. The wages of labour have thus exactly the same significance as the *maintenance* and *servicing* of any other productive instrument, or as the *consumption of capital* in general required for its reproduction with interest, like the oil which is applied to wheels to keep them turning.’ (Marx-Engels 1975, 3: 284)

<sup>34</sup> Marx uses the word ‘wages’ instead of the wage-system, but from the context it is clear that he means the latter.

<sup>35</sup> It should be noted that while talking about the ‘subsistence’ wage, Smith always makes allowance for ‘custom and habit’ and what is ‘consistent with common humanity.’ (Smith, 1976, I: 86)

Smith had seen the principle of natural liberty or freedom in terms of the mobility of resources in the economy: the freedom of the capitalist to invest and sell wherever his private interest led him, and the freedom of the worker to choose his occupation and employer. Marx, drawing on the scientific aspect of Smith points to the relation between capital and labour and their respective ‘freedoms’, He quotes a French observer of the contemporary scene in Britain: ‘The worker is not at all in the position of a *free seller* vis-à-vis the one who employs him... The capitalist is always free to employ labour, and the worker always forced to sell it. The value of labour is completely destroyed if it is not sold every instant. Labour can neither be accumulated nor even be saved, unlike true [commodities]. (Marx-Engels 1975, 3: 245)

We note that Marx’s indictment of capitalism goes beyond the concern for the material conditions of workers. Man does not live by bread alone. The indictment would stand even if these conditions were to improve and the worker was better off. Even if wage increases could be ‘enforced’, such an increase would be ‘nothing but better *payment* for the slave, and would not win either for the worker or for labour their human status and dignity.’ They would remain a ‘plaything of alien forces’. Thus, Marx is led to reject reform of capitalism, and measures aimed at ‘enforced’ increases in wages or ‘equality of wages’ as advocated by the French socialist Pierre Joseph Proudhon. (Marx-Engels 1975, 3: 280) Marx must reject capitalism and classical political economy’s liberal philosophy on the basis of his philosophical standpoint, just as he had rejected liberal political philosophy in the article ‘The Jewish Question’ (section 4 above.)

We note also another line of thinking, insofar as his indictment of capitalism and the critique of political economy is concerned. This relates to the *internal* problems of capitalism that classical political economy had either overlooked or chosen to ignore. Hegel, as we saw earlier, had made certain observations with regard to overproduction and *increasing* income inequality associated with capitalist development. In this respect Marx relies entirely on the commentaries of certain contemporary French and German writers who were drawing attention to the darker side of British industrial development. We get some indication of the view Marx is adopting from the following quotation he gives from the German writer Wilhelm Schulz:

**But even if it were true as it is false that the average income of *every* class of society has increased, the income-differences and *relative* income-distances may nevertheless have become greater and the contrasts between wealth and poverty accordingly stand out**

more sharply. For just *because* total production rises – and in the same measure as it rises – needs, desires and claims also multiply and thus *relative* poverty can increase whilst *absolute* poverty diminishes. The Samoyed living on fish oil and rancid fish is not poor because in his secluded society all have the same needs. But in a *state that is forging ahead*, which in the course of a decade, say, increased by a third its total production in proportion to the population, the worker who is getting as much at the end of ten years as at the beginning has not remained as well off, but has become poorer by a third. (Marx-Engels 1975, 3: 242)

We may see here the beginning of the formation of Marx's 'increasing impoverishment' thesis. We may also note that the complete synthesis of his philosophy with classical political economy would require a full merger of these two lines of thought.

We referred earlier to the fact that in Smith's system, economic development remained strictly within the frame of competitive capitalist relations. Marx took this to mean that in classical political economy the capitalist system was considered to be eternal. This view of the permanence of the capitalist system may be compared with Smith's own understanding of historical development *before* the emergence of capitalism. In chapters 2 and 3 of Book three and chapter 1 of Book five of the *Wealth of Nations*, Smith traced human progress through four distinct stages identified as socio-economic organisational forms. The earliest form was based on hunting and food gathering, then came the society of shepherds (this is when private property first appeared); this was followed by the feudal society, which gave way to the contemporary commercial society or capitalism. (It is noteworthy that Smith identifies these different social organisational forms according to the nature of their economies or 'modes of production', as Marx would call them, thus anticipating a fundamental feature of Marx's mature thought.) It seemed that with capitalism, in so far as socio-economic change was concerned, history had come to an end. Smith was taking the existing property relations as a given datum, not only for analysing the working of the capital economy (which was legitimate and necessary), but also for understanding *historical* development. This is how Marx saw it.

Marx's own mature theory of capitalist development, by contrast to the Smithian schema, will attempt to show that there are forces *inherent in the logic* of the capitalist economy that will drive its *evolution* beyond the bourgeois horizon set for it by classical political economy. He will reach this result through an internal critique of the classical theory.

In the *Manuscripts*, Marx does not discuss the developmental aspects of the classical theory. But he does make an important discovery that will provide one of the important ingredients of his mature theory of capitalist

evolution. This observation refers to the *concentration* of capital in fewer and fewer hands as a necessary aspect of capital accumulation. Marx sees that Smithian competition is dynamic and has the tendency to undermine the competitive character of capitalism.

Marx takes up this point in the section entitled ‘The accumulation of capitals and the competition among the capitalists’. (Marx-Engels 1975, 3: 251) Here Marx quotes extensively from the *Wealth of Nations* (also from other writers). Of particular interest is the quotation from the ‘Introduction’ to Book two of the *Wealth of Nations* where Smith discusses the relationship between capital accumulation, increase in the division of labour (in the plant) and increase in labour productivity. Implicit in this relationship is the phenomenon of economies of scale.<sup>36</sup> Marx recounts the numerous advantages that larger enterprises enjoy over smaller ones. In a competitive environment some enterprises will manage to get bigger and then, because of the advantages of size they enjoy, will begin to ‘squeeze’ the smaller ones out of the market. This is how, concentration of capital in fewer hands takes place: ‘Accumulation, when private property prevails, is the concentration of capital in the hands of the few, it is in general an inevitable consequence if capital is left to follow its natural course, and it is precisely through competition that the way is cleared for this natural disposition of capitals.’ (Marx-Engel 1975, 3:251) With the concentration of capital, both in individual enterprises and regions comes, necessarily, the concentrations of labour, which, in turn, is a necessary condition for the development of working people’s class consciousness. These considerations, leading to the conviction that the ingredients for the transformation of capitalism lie within its own manner of functioning, its inherent logic, will come later in the development of Marx’s thought. But here, as noted, Marx has taken the first stop in this development.

## 7. Concluding Remarks

*The Manuscripts of 1844* represent the first meeting point of the philosophical standpoint Marx had developed over the past twelve months or so and classical political economy as he found in the *Wealth of Nations*. We find here the beginning of Marx’s ‘critique of political economy’ or what I have referred to as the synthesis of Marx’s philosophical standpoint and classical political economy. On the basis of his philosophical standpoint, Marx rejected the liberal social philosophy of classical political economy, based on the principle of individualism,

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<sup>36</sup> Rahim (2011: 98-100)

the separation of civil society from the state, the latter serving the needs of the former. In the writings of this period, Marx makes no attempt to systematically present his own vision of the ideal society he has in mind. Elements of this vision emerge through his critiques of others – Hegel, Feuerbach and, in the *Manuscripts*, of the classical theory. I have tried to identify these elements at each stage of his discussions. I have emphasised that the fundamental element here is the relation between the individual and society. One cannot be conceived without the other. Hence the rejection of dualism, the notion of the individual being split between his private self and social being. It is this standpoint that leads to the notion of the disappearance of the state, that is, the disappearance of the ‘boundary post’ that separates the state and civil society, and man’s social being and his private self.

I have distinguished the scientific aspect of Smith’s political economy from its liberal, individualistic philosophical aspect. In a fundamental sense the former was perfectly suited to Marx’s requirement, as it was determined by his philosophical position. There is no exaggeration in Marx’s striking utterance that political economy had merely formulated the laws of alienated labour. The central concept that Marx grasps in the political economy of Smith is the relationship between capital and labour – *as classes*, not as individuals. Henceforth, though Marx will still use the language of alienation, it is this relationship (as the embodiment of alienation) that will be central to his thought. Capital-labour relationship negates the notion of ‘freedom’ as it lies behind Smith’s principle of perfect liberty (except in its technical sense of the mobility of resources or perfect competition). The relationship between capital and labour, when seen in terms of classes, is one of unequals, and is fundamentally antagonistic. Capital is *free* to buy labour, labour *forced* to sell it. It is around this relationship in the process of production that Marx formulates his generalisation of the concept of alienation; it is this notion that now becomes rooted in the process of production, and in the relations of workers to each other, and to the capitalist.

Implicit in my discussion is the suggestion that in future Marx’s problems with economic theory would arise entirely from his attempt to complete the synthesis referred to here. The economic process resulting in the self-destruction of capitalism as an objective phenomenon must fit into his philosophical frame and conviction that capitalism must eventually give way to an altogether different kind of society – just as feudalism had given way to capitalism.

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